TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE

FISCAL NOTE

HB 1753 - SB 1847

March 15, 2018

SUMMARY OF BILL: Prohibits public institutions of higher education from requiring students to purchase meal plans.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue - $4,668,400/FY18-19/Locally Governed Institutions
$3,220,300/FY18-19/University of Tennessee
Exceeds $4,668,400/FY19-20 and Subsequent Years/
Locally Governed Institutions
Exceeds $3,220,300/FY19-20 and Subsequent Years/
University of Tennessee

Other Fiscal Impact – Potential impacts on various state contracts because the agreements are based on all freshmen living on campus being required to purchase meal plans. Due to multiple unknown factors, any contract related impact to LGIs or UT from no longer requiring students to purchase meal plans cannot be determined at this time.

Assumptions:

- Based on the information collectively provided by the Locally Governed Institutions (LGI), the average meal plan cost at the LGIs is estimated to be $1,918 and is mandatory for incoming freshmen living on campus.
- The proposed legislation will prohibit public institutions of higher education from requiring students to purchase a meal plan.
- Based on the information provided by the Tennessee Higher Education Commission (THEC) *Fact Book*, there were 12,171 first-year freshmen enrolled in an LGI in FY16-17.
- It is reasonably assumed that 20 percent or 2,434 freshman students will elect to not purchase a meal plan in FY18-19 as a result of the proposed legislation.
- The decrease in state revenue in FY18-19 for LGIs is estimated to be $4,668,412 ($1,918 meal plan x 2,434 students)
- The recurring decrease in state revenue in FY19-20 and subsequent years for LGIs is estimated to exceed $4,668,412.

- Based on the information provided by the University of Tennessee (UT), the average meal plan cost at UT is estimated to be $2,063 and is mandatory for incoming freshman living and commuting on campus.
- Based on the information provided by the THEC *Fact Book*, there were 7,804 first-year freshmen enrolled at a UT institution in FY16-17.
- It is reasonably assumed that 20 percent or 1,561 freshmen students will elect to not purchase a meal plan in FY18-19 as a result of the proposed legislation.
- The decrease in state revenue in FY18-19 for UT is estimated to be $3,220,343 ($2,063 meal plan x 1,561 students).
- The recurring decrease in state revenue in FY19-20 and subsequent years for UT is estimated to exceed $3,220,343.
- Each four-year public institution is currently under contract with a third party vendor that provides food services to each university. The proposed legislation may result in a fiscal impact to the various contracts executed by the universities because the agreements are based on the assumption that all freshmen living on campus are required to purchase a meal plan. Due to multiple unknown factors, any contract related impact to LGIs or UT resulting from no longer requiring students to purchase meal plans cannot be reasonably determined at this time.
- Based on the information provided by the Tennessee Board of Regents (TBR), any fiscal impact to TBR or its operations is estimated to be not significant as TBR does not require students to purchase meal plans.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

Krista M. Lee

Krista M. Lee, Executive Director

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